

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Clam Union Township</b>	County <b>Missaukee</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>7/18/05</b>	Date Accountant Report Submitted to State: <b>August 4, 2005</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

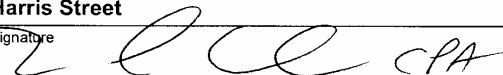
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) <b>Baird, Cotter &amp; Bishop, P.C.</b>			
Street Address <b>134 W. Harris Street</b>		City <b>Cadillac</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>49601</b>	
		Date <b>8/4/05</b>	

**CLAM UNION TOWNSHIP, MISSAUKEE COUNTY**

**FALMOUTH, MICHIGAN**

**MARCH 31, 2004**

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

MARCH 31, 2004

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CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

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MICHAEL D. COOL, C.P.A.

*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

July 18, 2005

### INDEPENDENT AUDITORS' REPORT

To the Township Board  
Clam Union Township  
Missaukee County  
Falmouth, Michigan

We have audited the accompanying general-purpose financial statements of Clam Union Township, Missaukee County, Falmouth, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B., the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of Clam Union Township, Missaukee County, Falmouth, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole except as noted in the following paragraph.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

ALL FUND TYPES AND ACCOUNT GROUPS  
MARCH 31, 2004

	GOVERNMENTAL FUND TYPES		FIDUCIARY	ACCOUNT GROUPS		TOTAL
	GENERAL	SPECIAL	FUND TYPE	GENERAL	GENERAL	(MEMORANDUM
		REVENUE	AGENCY	FIXED	LONG-TERM	ONLY)
				ASSETS	DEBT	
<hr/>						
<u>ASSETS AND OTHER DEBITS</u>						
<u>ASSETS</u>						
Cash						
Commercial and Savings Accounts	\$ 48,582	\$ 65,509	\$ 0	\$ 0	\$ 0	\$ 114,091
Money Market Account	0	0	198,823	0	0	198,823
Certificates of Deposit	100,149	6,000	0	0	0	106,149
Taxes Receivable	2,787	3,744	0	0	0	6,531
Land and Buildings	0	0	0	197,249	0	197,249
Machinery and Equipment	0	0	0	358,857	0	358,857
Furniture and Fixtures	0	0	0	88,261	0	88,261
<u>OTHER DEBITS</u>						
Amount to be provided for:						
Retirement of General Long-Term Debt	0	0	0	0	95,402	95,402
<hr/>						
TOTAL ASSETS AND OTHER DEBITS	\$ 151,518	\$ 75,253	\$ 198,823	\$ 644,367	\$ 95,402	\$ 1,165,363

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

ALL FUND TYPES AND ACCOUNT GROUPS  
MARCH 31, 2004

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	GENERAL FIXED ASSETS		GENERAL LONG-TERM DEBT		
<u>LIABILITIES AND EQUITY</u>							
<u>LIABILITIES</u>							
Deferred Revenue	\$ 2,787	\$ 3,744	\$ 0	\$ 0	\$ 0	\$ 6,531	
Payroll Withholdings Payable	1,243	0	0	0	0	1,243	
Note Payable	0	0	0	0	95,402	95,402	
Due to Other Governments	0	0	198,782	0	0	198,782	
Due to Individuals	0	0	41	0	0	41	
Total Liabilities	\$ 4,030	\$ 3,744	\$ 198,823	\$ 0	\$ 95,402	\$ 301,999	
<u>EQUITY</u>							
Investment in							
General Fixed Assets	\$ 0	\$ 0	\$ 0	\$ 644,367	\$ 0	\$ 644,367	
Balance							
Reserved for							
Road Maintenance	0	47,832	0	0	0	47,832	
Library	0	2,667	0	0	0	2,667	
Fire Protection	0	21,010	0	0	0	21,010	
Unreserved	147,488	0	0	0	0	147,488	
Total Equity	\$ 147,488	\$ 71,509	\$ 0	\$ 644,367	\$ 0	\$ 863,364	
TOTAL LIABILITIES AND EQUITY	\$ 151,518	\$ 75,253	\$ 198,823	\$ 644,367	\$ 95,402	\$ 1,165,363	

The accompanying notes are an integral part of these financial statements.



CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED MARCH 31, 2004

	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL	SPECIAL REVENUE	(MEMORANDUM ONLY)
<u>RECEIPTS</u>			
Taxes	\$ 43,433	\$ 49,204	\$ 92,637
State Grants	64,858	4,381	69,239
Contributions from Local Units	0	8,068	8,068
Charges for Services	0	490	490
Interest and Rents	4,759	68	4,827
Other Receipts	4,965	0	4,965
Total Receipts	\$ 118,015	\$ 62,211	\$ 180,226
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 43,655	\$ 0	\$ 43,655
General Government			
Supervisor	9,127	0	9,127
Assessor	12,352	0	12,352
Clerk	11,906	0	11,906
Board of Review	810	0	810
Treasurer	15,014	0	15,014
Building and Grounds	77,960	0	77,960
Cemetery	4,105	0	4,105
Public Safety	0	186,332	186,332
Public Works	0	8,141	8,141
Recreation and Cultural	8,098	8,639	16,737
Other Functions	9,849	0	9,849
Total Disbursements	\$ 192,876	\$ 203,112	\$ 395,988
Excess of Receipts Over (Under) Disbursements	\$ (74,861)	\$ (140,901)	\$ (215,762)

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTAL (MEMORANDUM ONLY)</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	
<u>OTHER FINANCING SOURCES</u>			
Operating Transfers In (Out)			
General Fund	\$          0	\$     100,000	\$     100,000
Fire Fund	(100,000)	0	(100,000)
Loan Proceeds	0	100,000	100,000
Total Other Financing Sources (Uses)	\$  (100,000)	\$     200,000	\$     100,000
Excess of Receipts and Other Sources Over (Under) Disbursements and Other Uses	\$  (174,861)	\$      59,099	\$  (115,762)
<u>BALANCE</u> - April 1, 2003	322,349	12,410	334,759
<u>BALANCE</u> - March 31, 2004	\$  147,488	\$     71,509	\$  218,997

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL

ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND			SPECIAL REVENUE FUND TYPES		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>						
Taxes	\$ 30,800	\$ 43,433	\$ 12,633	\$ 44,750	\$ 49,204	\$ 4,454
State Grants	63,000	64,858	1,858	4,000	4,381	381
Contributions from Local Units	0	0	0	7,939	8,068	129
Charges for Services	0	0	0	1,200	490	(710)
Interest and Rents	2,650	4,759	2,109	50	68	18
Other Receipts	2,800	4,965	2,165	0	0	0
Total Receipts	\$ 99,250	\$ 118,015	\$ 18,765	\$ 57,939	\$ 62,211	\$ 4,272
<u>DISBURSEMENTS</u>						
Legislative						
Township Board	\$ 43,900	\$ 43,655	\$ 245	\$ 0	\$ 0	\$ 0
General Government						
Supervisor	9,580	9,127	453	0	0	0
Assessor	13,750	12,352	1,398	0	0	0
Election	1,650	0	1,650	0	0	0
Clerk	15,430	11,906	3,524	0	0	0
Board of Review	1,250	810	440	0	0	0
Treasurer	18,380	15,014	3,366	0	0	0
Building and Grounds	78,000	77,960	40	0	0	0
Cemetery	10,500	4,105	6,395	0	0	0
Public Safety	0	0	0	191,650	186,332	5,318
Public Works	0	0	0	35,000	8,141	26,859

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL

ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND			SPECIAL REVENUE FUND TYPES		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
Recreation and Cultural	9,700	8,098	1,602	10,450	8,639	1,811
Other Functions	19,500	9,849	9,651	0	0	0
Total Disbursements	\$ 221,640	\$ 192,876	\$ 28,764	\$ 237,100	\$ 203,112	\$ 33,988
Excess of Receipts Over (Under) Disbursements	\$ (122,390)	\$ (74,861)	\$ 47,529	\$ (179,161)	\$ (140,901)	\$ 38,260
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating Transfers In (Out)						
General Fund	\$ 0	\$ 0	\$ 0	\$ 100,000	\$ 100,000	\$ 0
Fire Fund	(100,000)	(100,000)	0	0	0	0
Loan Proceeds	0	0	0	0	100,000	100,000
Total Other Financing Sources (Uses)	\$ (100,000)	\$ (100,000)	\$ 0	\$ 100,000	\$ 200,000	\$ 100,000
Excess of Receipts and Other Sources Over (Under) Disbursements and Other Uses	<u>(222,390)</u>	(174,861)	<u>47,529</u>	<u>(79,161)</u>	59,099	<u>138,260</u>
<u>BALANCE - April 1, 2003</u>		<u>322,349</u>			<u>12,410</u>	
<u>BALANCE - March 31, 2004</u>		\$ <u>147,488</u>			\$ <u>71,509</u>	

The accompanying notes are an integral part of these financial statements.

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**A. Reporting Entity**

Clam Union Township is a general law township located in Missaukee County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account groups:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the Township makes and distributes for others in an agency capacity.

Account Groups. The General Fixed Asset Account Group is used to account for fixed assets of the Township. General Long-Term Debt Account Group - This account group is established to account for all long-term debt of the Township and for those long-term liabilities to be liquidated with resources to be provided in future periods.

**C. Assets, Liabilities and Equity**

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

(I) The Township authorized the Township Treasurer to invest funds as follows:

- (a) In bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (II).
- (c) In commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) In repurchase agreements consisting of instruments listed in subdivision (a).
- (e) In bankers' acceptances of United States banks.
- (f) In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
- (g) Mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

- (i) The purchase of securities on a when-issued or delayed delivery basis.
- (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
- (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- (h) In obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- (i) In investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.11 to 129.118.
- (j) In the investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.
- (II) A public corporation that invests its funds under subsection (I) shall not deposit or invest the funds in a financial institution that is not eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- (III) Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investment under subsection (I).
- (IV) As used in this section, "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes and due from other funds. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received.

3. Short-Term Interfund Receivables/Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

4. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

5. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

6. Use of Estimates

This presentation of financial statements in conformity with generally accepted accounting principles requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reported period. Actual results could differ from those estimates.

7. Long-Term Obligations

The government reports long-term debt of governmental funds at face value in the general long-term debt account group.

8. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.



CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary Information

The annual budgets are adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted, or as amended by the Township Board from time to time throughout the year.

The appropriated budgets are prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

## III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

### A. Deposits and Investments

At year-end, the carrying amount of the Township's regular deposits was \$419,063 and the bank balance was \$429,530. Of the bank balance, \$250,149 was covered by federal depository insurance. The remaining \$168,914 are in accounts which exceed the federal depository insurance unit of \$100,000 and also are uncollateralized.

The carrying amount of the Township's deposits at year-end are shown below:

	GENERAL FUND	ROAD FUND	LIBRARY FUND	FIRE FUND	CURRENT TAX COLLECTION FUND
Citizens Bank					
Falmouth, Michigan					
Commercial and					
Savings Accounts	\$ 48,582	\$ 47,832	\$ (3,333)	\$ 21,010	\$ 0
Money Market Accounts	0	0	0	0	198,823
Certificates of Deposit	50,000	0	6,000	0	0
Fifth Third Bank					
Cadillac, Michigan					
Certificates of Deposit	50,149	0	0	0	0
Total	\$ 148,731	\$ 47,832	\$ 2,667	\$ 21,010	\$ 198,823

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

**B. Long-Term Debt**

The following is a summary of the long-term debt transactions of the Township for the year ended March 31, 2004:

LONG-TERM DEBT - April 1, 2003

Increase in Long-Term Debt	\$ 100,000
Reduction in Long-Term Debt	<u>(4,598)</u>

LONG-TERM DEBT - March 31, 2004

\$ 95,402

The Township's long-term debt consists of the following:

Equipment Loan

\$100,000 Fire equipment loan; due in quarterly payments of \$5,457 beginning March 2004; interest at 3.39%	\$ <u>95,402</u>
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The annual requirements to amortize the long-term debt outstanding as of March 31, 2004, including interest of \$8,316 follows:

<u>YEAR ENDED</u> <u>MARCH 31,</u>	<u>AMOUNTS</u>
2005	\$ 21,829
2006	21,829
2007	21,829
2008	21,829
2009	<u>16,402</u>
	\$ <u>103,718</u>

**C. Interfund Receivables and Payables**

There were no interfund receivables and payable balances at March 31, 2004.

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

**D. Fixed Assets**

Activity in the general fixed assets account group for the Township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land and Buildings	\$ 185,249	\$ 12,000	\$ 0	\$ 197,249
Machinery and Equipment	185,903	172,954	0	358,857
Furniture and Fixtures	18,319	69,942	0	88,261
	<u>\$ 389,471</u>	<u>\$ 254,896</u>	<u>\$ 0</u>	<u>\$ 644,367</u>

**IV. OTHER INFORMATION**

**A. Land Lease**

Operating Lease - The Township land on which the Internet tower resides and is leased at \$1,080 per year on a year-to-year basis.

**B. Property Tax Administration Fee**

The Township passed a resolution on August 9, 1983, to charge 1% administration fee on all ad valorem taxes levied. The resolution is to continue in force and effect until revoked by the Township Board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenue generated by the administration fee so that a restricted earnings account is not reflected in these statements.

**C. Property Taxes**

The Township levied 1.3801 mills for general operating purposes on a taxable value of \$22,452,199. In addition, the Township levied 0.9731 mills for road improvements 0.9559 mills for fire and 0.2758 mills for library.

Properties are assessed January 1 and the related property taxes become a lien on December 1 of the same year. These taxes are due on or before February 28, before they are added to the County tax rolls. Property taxes levied December 1 which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied.

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

**D. Interest Income and Expense**

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 4,175	\$ 0
Library Fund	68	0
Fire Fund	0	859
Total	\$ 4,243	\$ 859

NOTE - Interest income earned in the Current Tax Collection Fund is periodically transferred to the General Fund and is shown as General Fund interest income.

**E. Retirement Plan**

The Township has a defined contribution pension plan with Municipal Retirement Systems, Inc., which covers Township employees who have satisfied the eligibility requirements. Each employee becomes eligible for coverage immediately upon being an elected official or deputy. An employee's normal retirement date is age 65 or the 10th anniversary of the first day of the plan year in which participation in the plan is commenced.

The Township made no contributions to the plan for 2003-2004 plan year. The \$1,217 of pension expense is for the previous plan year.

**F. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions and workers compensation insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

GENERAL FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash	
Commercial and Savings Accounts	\$ 48,582
Certificates of Deposit	100,149
Taxes Receivable	<u>2,787</u>
 TOTAL ASSETS	 \$ <u><u>151,518</u></u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 2,787
Payroll Withholdings Payable	<u>1,243</u>
 Total Liabilities	 \$ 4,030

BALANCE

Unreserved	<u>147,488</u>
 TOTAL LIABILITIES AND EQUITY	 \$ <u><u>151,518</u></u>

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

GENERAL FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 30,800	\$ 43,433	\$ 12,633
State Grants	63,000	64,858	1,858
Interest and Rents	2,650	4,759	2,109
Other Receipts	2,800	4,965	2,165
Total Receipts	\$ 99,250	\$ 118,015	\$ 18,765
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 43,900	\$ 43,655	\$ 245
General Government			
Supervisor	9,580	9,127	453
Assessor	13,750	12,352	1,398
Election	1,650	0	1,650
Clerk	15,430	11,906	3,524
Board of Review	1,250	810	440
Treasurer	18,380	15,014	3,366
Building and Grounds	78,000	77,960	40
Cemetery	10,500	4,105	6,395
Recreation and Cultural	9,700	8,098	1,602
Other Functions	19,500	9,849	9,651
Total Disbursements	\$ 221,640	\$ 192,876	\$ 28,764
Excess of Receipts Over (Under)			
Disbursements	\$ (122,390)	\$ (74,861)	\$ 47,529
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In (Out)			
Fire Fund	(100,000)	(100,000)	0
Excess of Receipts and Other Sources Over			
(Under) Disbursements and Other Uses	\$ (222,390)	(174,861)	\$ 47,529
<u>BALANCE</u> - April 1, 2003		322,349	
<u>BALANCE</u> - March 31, 2004		\$ 147,488	

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS  
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$ 28,614	
Delinquent Property Taxes	2,215	
Property Tax Administration and Collection Fee	9,884	
Swamp Tax	<u>2,720</u>	
Total Taxes		\$ 43,433

STATE GRANTS

State Revenue Sharing		
Sales and Use Tax		64,858

INTEREST AND RENTS

Interest Earnings	\$ 4,175	
Rents	320	
Royalties	<u>264</u>	
Total Interest and Rents		4,759

OTHER RECEIPTS

Refunds and Rebates	\$ 950	
Cemetery Lot Sales	875	
Donations	<u>3,140</u>	
Total Other Receipts		<u>4,965</u>
TOTAL RECEIPTS		\$ <u><u>118,015</u></u>

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages \$ 1,725

Per Diem 305

Supplies

Office Supplies 669

Other Services and Charges

Contracted Services 12,937

Transportation 93

Printing and Publishing 2,773

Dues and Subscriptions 598

Education, Training and Other 2,313

Miscellaneous 700

Capital Outlay 21,542

Total Legislative \$ 43,655

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages \$ 6,000

Salaries and Wages - Deputy 900

Per Diem 315

Other Services and Charges

Transportation 97

Education, Training and Other 50

Capital Outlay 1,765 \$ 9,127

Assessor

Personal Services

Salaries and Wages \$ 12,004

Supplies

Office Supplies 40

Other Services and Charges

Contracted Services 308 12,352

Clerk

Personal Services

Salaries and Wages \$ 6,312



CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

Salaries and Wages - Deputy	900	
Per Diem - Clerk	450	
Per Diem - Deputy Clerk	90	
Supplies		
Office Supplies	108	
Other Services and Charges		
Communications	33	
Capital Outlay	<u>4,013</u>	11,906
Board of Review		
Personal Services		
Salaries and Wages		810
Treasurer		
Personal Services		
Salaries and Wages	\$ 9,000	
Salaries and Wages - Deputy	900	
Per Diem	125	
Other Services and Charges		
Contracted Services	1,992	
Capital Outlay	<u>2,997</u>	15,014
Building and Grounds		
Personal Services		
Salaries and Wages	\$ 759	
Other Services and Charges		
Repairs and Maintenance	2,707	
Public Utilities	7,211	
Capital Outlay	<u>67,283</u>	77,960
Cemetery		
Personal Services		
Salaries and Wages	\$ 2,341	
Other Services and Charges		
Repairs and Maintenance	<u>1,764</u>	<u>4,105</u>
Total General Government		131,274

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

RECREATION AND CULTURAL

Parks

Other Services and Charges

Repairs and Maintenance

\$ 1,613

Public Utilities

\$ 1,627

14

Other Cultural Activities

Fireworks

6,471

Total Recreation and Cultural

8,098

OTHER FUNCTIONS

Insurance and Bonds

\$ 3,665

Employee Benefits

Pension

\$ 1,217

Worker's Compensation

511

Social Security and Medicare

4,456

6,184

Total Other Functions

9,849

TOTAL DISBURSEMENTS

\$ 192,876

OTHER FINANCING USES

Operating Transfers Out

Fire Fund

\$ 100,000

TOTAL DISBURSEMENTS AND  
OTHER FINANCING USES

\$ 292,876

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

	ROAD FUND	LIBRARY FUND	FIRE FUND	TOTAL
<u>ASSETS</u>				
Cash				
Commercial and Savings Accounts (Overdraft) \$	47,832	\$ (3,333)	\$ 21,010	\$ 65,509
Certificate of Deposit	0	6,000	0	6,000
Taxes Receivable	1,642	470	1,632	3,744
 TOTAL ASSETS	 \$ 49,474	 \$ 3,137	 \$ 22,642	 \$ 75,253
<u>LIABILITIES AND EQUITY</u>				
<u>LIABILITIES</u>				
Deferred Revenue	\$ 1,642	\$ 470	\$ 1,632	\$ 3,744
<u>EQUITY</u>				
Balance				
Reserved for				
Road Maintenance	\$ 47,832	\$ 0	\$ 0	\$ 47,832
Library	0	2,667	0	2,667
Fire Protection	0	0	21,010	21,010
 Total Equity	 \$ 47,832	 \$ 2,667	 \$ 21,010	 \$ 71,509
 TOTAL LIABILITIES AND EQUITY	 \$ 49,474	 \$ 3,137	 \$ 22,642	 \$ 75,253

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
FOR THE YEAR ENDED MARCH 31, 2004

	ROAD FUND	LIBRARY FUND	FIRE FUND	TOTAL
<u>RECEIPTS</u>				
Taxes	\$ 21,728	\$ 6,152	\$ 21,324	\$ 49,204
State Grants	0	4,381	0	4,381
Contributions from Local Units	0	0	8,068	8,068
Charges for Services	0	0	490	490
Interest and Rents	0	68	0	68
Total Receipts	\$ 21,728	\$ 10,601	\$ 29,882	\$ 62,211
<u>DISBURSEMENTS</u>				
Public Safety	\$ 0	\$ 0	\$ 186,332	\$ 186,332
Public Works	8,141	0	0	8,141
Recreation and Cultural	0	8,639	0	8,639
Total Disbursements	\$ 8,141	\$ 8,639	\$ 186,332	\$ 203,112
Excess of Receipts Over (Under) Disbursements	\$ 13,587	\$ 1,962	\$ (156,450)	\$ (140,901)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	\$ 0	\$ 0	\$ 100,000	\$ 100,000
Loan Proceeds	0	0	100,000	100,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 200,000	\$ 200,000
Excess of Receipts and Other Sources Over (Under) Disbursements	13,587	1,962	43,550	59,099
<u>BALANCE</u> (Deficit) - April 1, 2003	34,245	705	(22,540)	12,410
<u>BALANCE</u> - March 31, 2004	\$ 47,832	\$ 2,667	\$ 21,010	\$ 71,509

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

ROAD FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash		
Commercial and Savings Accounts	\$	47,832
Taxes Receivable		<u>1,642</u>
TOTAL ASSETS	\$	<u><u>49,474</u></u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$	1,642
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EQUITY

Balance		
Reserved for Road Maintenance		<u>47,832</u>

TOTAL LIABILITIES AND EQUITY	\$	<u><u>49,474</u></u>
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CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

ROAD FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 19,000	\$ 20,174	\$ 1,174
Delinquent Property Taxes	0	1,554	1,554
Total Receipts	\$ 19,000	\$ 21,728	\$ 2,728
<u>DISBURSEMENTS</u>			
Public Works			
Highways, Streets and Bridges			
Maintenance - Road Improvement	35,000	8,141	26,859
Excess of Receipts Over (Under) Disbursements	\$ (16,000)	\$ 13,587	\$ 29,587
<u>BALANCE</u> - April 1, 2003		34,245	
<u>BALANCE</u> - March 31, 2004		\$ 47,832	

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

LIBRARY FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash	
Commercial and Savings Accounts (Overdraft)	\$ (3,333)
Certificate of Deposit	6,000
Taxes Receivable	<u>470</u>
 TOTAL ASSETS	 \$ <u><u>3,137</u></u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 470
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EQUITY

Balance	
Reserved for Library	<u>2,667</u>

TOTAL LIABILITIES AND EQUITY	\$ <u><u>3,137</u></u>
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CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

LIBRARY FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 5,200	\$ 5,710	\$ 510
Delinquent Property Taxes	450	442	(8)
State Grants			
State Aid	4,000	4,381	381
Interest and Rents			
Interest Earnings	50	68	18
Total Receipts	\$ 9,700	\$ 10,601	\$ 901
<u>DISBURSEMENTS</u>			
Recreation and Cultural			
Personal Services			
Salaries and Wages	\$ 4,300	\$ 3,972	\$ 328
Supplies			
Operating Supplies	600	803	(203)
Books	1,600	0	1,600
Other Services and Charges			
Utilities	1,200	981	219
Telephone	200	301	(101)
Transportation and Expense	100	0	100
Rent	2,400	2,400	0
Education and Training	50	182	(132)
Total Disbursements	\$ 10,450	\$ 8,639	\$ 1,811
Excess of Receipts Over (Under) Disbursements	\$ <u>(750)</u>	\$ 1,962	\$ <u>2,712</u>
<u>BALANCE</u> - April 1, 2003		<u>705</u>	
<u>BALANCE</u> - March 31, 2004		<u>\$ 2,667</u>	



CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

FIRE FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash	
Commercial and Savings Account	\$ 21,010
Taxes Receivable	<u>1,632</u>
 TOTAL ASSETS	 \$ <u><u>22,642</u></u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 1,632
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EQUITY

Balance	
Reserved for Fire Protection	<u>21,010</u>

TOTAL LIABILITIES AND EQUITY	\$ <u><u>22,642</u></u>
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CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

FIRE FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 18,500	\$ 19,798	\$ 1,298
Delinquent Property Taxes	1,600	1,526	(74)
Contribution from Local Units			
Fire Protection	7,939	8,068	129
Charges for Services			
Fire Runs	1,200	490	(710)
Total Receipts	\$ 29,239	\$ 29,882	\$ 643
<u>DISBURSEMENTS</u>			
Public Safety			
Personal Services			
Salaries and Wages	\$ 17,000	\$ 9,018	\$ 7,982
Supplies			
Operating Supplies	3,000	4,666	(1,666)
Other Services and Charges			
Contracted Services	500	0	500
Repairs and Maintenance	4,000	1,200	2,800
Education and Training	500	368	132
Transportation	150	0	150
Utilities	2,000	1,716	284
Insurance	4,500	4,904	(404)
Capital Outlay	160,000	159,003	997
Debt Service	0	5,457	(5,457)
Total Disbursements	\$ 191,650	\$ 186,332	\$ 5,318
Excess of Receipts Over (Under) Disbursements	\$ (162,411)	\$ (156,450)	\$ 5,961

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

FIRE FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In (Out)	\$ 100,000	\$ 100,000	\$ 0
Loan Proceeds	0	100,000	100,000
Total Other Financing Sources (Uses)	\$ 100,000	\$ 200,000	\$ 100,000
Excess of Receipts and Other Sources (Uses) Over (Under) Disbursements and Other Sources (Uses)	\$ <u>(62,411)</u>	\$ 43,550	\$ <u>105,961</u>
<u>BALANCE</u> - April 1, 2003 - (Deficit)		<u>(22,540)</u>	
<u>BALANCE</u> - March 31, 2004		\$ <u>21,010</u>	

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash			
Money Market Account		\$	<u>198,823</u>

LIABILITIES AND EQUITY

LIABILITIES

Due to Other Governments		\$	198,782
Due to Individuals			<u>41</u>
Total Liabilities			198,823

EQUITY

Balance			<u>0</u>
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TOTAL LIABILITIES AND EQUITY		\$	<u>198,823</u>
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CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections	\$	684,771	
Property Tax Administration Fee		6,850	
Dog License Fees		50	
Interest Earnings		265	
Miscellaneous		29	
		<hr/>	
Total Receipts			\$ 691,965

DISBURSEMENTS

Payments to County Treasurer			
Current Tax			
County	\$	92,876	
County - State Education Tax		<u>84,501</u>	\$ 177,377
Payments to Township			
Current Tax			
Operating	\$	28,614	
Roads		20,174	
Fire		19,798	
Library		5,710	
Interest		189	
Property Tax Administration Fee		<u>6,850</u>	81,335
Payments to School Treasurer			
Current Tax			
McBain Rural Agricultural School			152,078
Payments to Intermediate School District Treasurer			
Current Tax			
Wexford-Missaukee Intermediate			82,530
Other Payment			
Property Tax Reimbursement			<u>746</u>
Total Disbursements			<hr/> 494,066
Excess of Receipts Over (Under) Disbursements			\$ 197,899

BALANCE - April 1, 2003 924

BALANCE - March 31, 2004 \$ 198,823

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land and Buildings	\$ 185,249	\$ 12,000	\$ 0	\$ 197,249
Machinery and Equipment	185,903	172,954	0	358,857
Furniture and Fixtures	18,319	69,942	0	88,261
	<u>\$ 389,471</u>	<u>\$ 254,896</u>	<u>\$ 0</u>	<u>\$ 644,367</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 389,471</u>	<u>\$ 254,896</u>	<u>\$ 0</u>	<u>\$ 644,367</u>

CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

STATEMENT OF GENERAL LONG-TERM DEBT GROUP OF ACCOUNTS  
FOR THE YEAR ENDED MARCH 31, 2004

AMOUNT AVAILABLE AND TO BE PROVIDED FOR PAYMENT OF LONG-TERM DEBT

Amount to be Provided from Fire Fund Revenue	\$ <u>95,402</u>
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LONG-TERM DEBT PAYABLE

Note Payable	\$ <u>95,402</u>
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CLAM UNION TOWNSHIP, MISSAUKEE COUNTY  
FALMOUTH, MICHIGAN

STATEMENT OF 2003 TAX ROLL  
MARCH 31, 2004

TAXES ASSESSED

County	\$	151,418	
County - State Education Tax		112,184	
Township			
Operating		30,944	
Roads		21,817	
Fire		21,431	
Library		6,180	
School			
McBain Rural Agricultural School		255,657	
Intermediate School			
Wexford-Missaukee		<u>134,549</u>	\$ 734,180

TAXES COLLECTED

County	\$	140,025	
County - State Education Tax		108,929	
Township			
Operating		28,614	
Roads		20,174	
Fire		19,798	
Library		5,710	
School			
McBain Rural Agricultural School		237,600	
Intermediate School			
Wexford-Missaukee		<u>124,632</u>	<u>685,482</u>

TAXES RETURNED DELINQUENT

County	\$	11,393	
County - State Education Tax		3,255	
Township			
Operating		2,330	
Roads		1,643	
Fire		1,633	
Library		470	
School			
McBain Rural Agricultural School		18,057	
Intermediate School			
Wexford-Missaukee		<u>9,917</u>	<u>\$ 48,698</u>



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*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

July 18, 2005

### LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board  
Clam Union Township  
Missaukee County  
Falmouth, Michigan

During the course of our audit of Clam Union Township for the year ended March 31, 2004, we noted the following items:

#### Budgeting

PA 621 requires that the Township officially adopt an annual budget before the beginning of the fiscal year. This should be done in March each year instead of April. The budget document should include all items required by PA 621, including estimated beginning and ending fund balances for each fund. The budget should be amended during the year before incurring disbursements in excess of appropriations. All amendments to the budget should be clearly recorded in the official township minutes.

#### Property Tax Administration Fee

The township has determined that authorized costs of collecting taxes will be repeatedly in excess of revenue generated by the administration fee, but has not formally taken action to write off this loss. We recommend that the township maintain subsidiary records which reflect property tax administration fee collections and costs, and that the board pass a motion each year to write off the loss.

#### Balance in the Tax Collection Fund

The Township had a substantial amount of tax collection in the tax collection fund that were not distributed by year end. In the future these disbursements should be done in accordance with Department of Treasury regulations.

### Reconciliation of Clerk and Treasurer Records

The Michigan Department of Treasury Uniform Accounting Procedures Manual requires the Clerk to reconcile the Clerk's records to the Treasurer's records on a monthly basis. It does not appear that the Township is currently following this procedure. For example, the Clerk's general ledger report shows the General Fund checking account balance for March 31, 2004 at \$65,483.36. The Treasurer's ledger sheet for the same account at the same date shows a balance of \$81,759.77. This is a difference of \$16,276.41. We recommend that the Clerk have us assist with recording adjustments to the computer ledger to bring the ledger in balance with the audit at March 31, 2004. We are also available to identify to the Treasurer what items need to be adjusted on the Treasurer's cash ledger.

### Reconciliation of Treasurer Ledger to Bank Account

The Michigan Department of Treasury Uniform Accounting Procedures Manual requires that *"Bank accounts must be promptly (within the month following the bank statement date) reconciled by an individual not involved in the receipt/bank deposit process. In smaller units of government when segregation of duties is not possible, a second official must review the reconciliation."* At Clam Union Township, the most practical way to meet this requirement is to have the Treasurer prepare monthly a separate written bank reconciliation for each account. This reconciliation would then be provided to the Clerk for review and use as a tool to assist in the monthly reconciliation between the Clerk and Treasurer records.

### Separate Bank Accounts

Currently the Township has one common checking and savings account. Going forward, we recommend that the township consider opening a separate bank account for the Fire, Roads and Library Funds. By doing this, the township would have a separate account to deposit receipts into and transfer funds out of, thereby simplifying the accounting for these separate extra voted funds. This would work much better than the current system of commingling all funds of the Township in one checking and savings account.

### Board Minutes

At the time of the audit, board minutes for the 2002-2003 fiscal year were unavailable. All minutes of board meetings should be well organized and accounted for and maintained in a secure location.

### Possible State Audit Requirement for the year ending March 31, 2005

Based on the items listed for improvement in the past few audits the Michigan Department of Treasury may require that the Township have an audit for the year ended March 31, 2005. In any event, we recommend that the board consider having our firm assist the Clerk and Treasurer with the March 31, 2005 year end accounting. The reasons for this recommendation are based on the condition of the accounting records at March 31, 2004, and the fact that the Clerk and Treasurer need assistance getting a fresh start to the recordkeeping for the year beginning April 1, 2005. Since our report will be issued in July 2005, assistance at March 31, 2005 would allow us to provide the Clerk and Treasurer with the necessary start to the new year in order for the township to be successful in implementing any of these recommendations the board or the Department of Treasury feels have merit.

Government Accounting Standards Board (GASB) 34

GASB has issued its new financial accounting model for governmental entities. This pronouncement will become effective for Clam Union Township for its fiscal year ending March 31, 2005. We will advise you on how to proceed with this project as the implementation date nears.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

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CERTIFIED PUBLIC ACCOUNTANTS

July 18, 2005

LETTER OF REPORTABLE CONDITIONS

To the Township Board  
Clam Union Township  
Missaukee County  
Falmouth, Michigan

In planning and performing our audit of the general-purpose financial statements of Clam Union Township, Missaukee County, Falmouth, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*